

#59
4/28/2005

City of Austin Financial Forecast



Financial and Administrative Services

April 28, 2005

Outline



- General Fund Summary
 - Revenue
 - Property Tax
 - Sales Tax
 - Other Revenue
 - Expenditures
 - Cost Drivers
 - Capital Expenditures and Critical 'One Time' Costs
- Enterprise Funds

General Fund Financial Forecast Summary



	2004 Amended	2005 Amended	2006	2007	2008
Beginning Balance	29.6	43.4	49.0	33.6	22.9
Revenue	461.1	449.6	471.4	491.6	514.0
Expenditures:					
Base Budget - Prior Fiscal Year			449.6	471.4	491.6
Cost Drivers			34.2	29.2	28.7
Total Expenditures	462.4	449.6	483.8	500.6	520.3
Excess/(Deficit)	(1.3)	0.0	(12.4)	(9.0)	(6.3)
Required Cost Reductions:					
Departmental Percentage Reduction			3.03%	2.10%	1.41%
Reduced Expenditures			12.4	9.0	6.3
Total Revised Expenditures			471.4	491.6	514.0
Revised Excess / Deficit			0.0	0.0	0.0
Ending Balance	28.3	43.4	49.0	33.6	22.9
One-Time Critical Capital	0.0	15.6	15.4	10.8	10.1
Adjusted Ending Balance	28.3	27.8	33.6	22.9	12.8

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General Fund Financial Forecast Summary



Un-Adjusted					
	2004 Amended	2005 Amended	2006	2007	2008
Beginning Balance			49.0	21.2	(11.0)
Revenues			471.4	491.6	514.0
Total Revised Expenditures			483.8	513.0	541.7
Excess / (Deficit)			(12.4)	(21.4)	(27.7)
Ending Balance			36.6	(0.2)	(38.7)
One-Time Critical Capital			15.4	10.8	10.1
Adjusted Ending Balance			21.2	(11.0)	(48.7)

Revenue



Property Tax



- 30% of total General Fund revenue

Assumptions:

- Effective tax rate each year: (current year 44.30¢)
 - FY 2006 42.97¢
 - FY 2007 42.54¢
 - FY 2008 42.69¢

- Assessed Valuation: (current year \$ 50.0 b)

Growth Rate	Total AV
□ FY 2006 5.4%	\$ 52.7 b
□ FY 2007 4.5%	\$ 55.1 b
□ FY 2008 3.4%	\$ 57.0 b



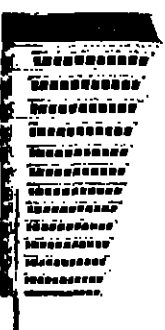
2005-06 Changes in Assessed Value by Property Type



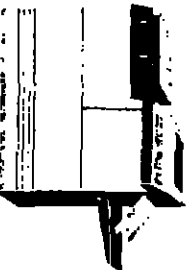
Single Family Residential
\$713M 2.9 %



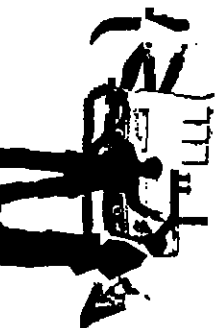
Commercial
\$491 M 4.3 %



Multi-Unit Residential
\$378 M 6.1%



Personal Property
\$203 M 3.3 %



New Construction
\$1,062 M NA



Land
(\$128 M) (8.4 %)

\$2,719 M

TOTAL

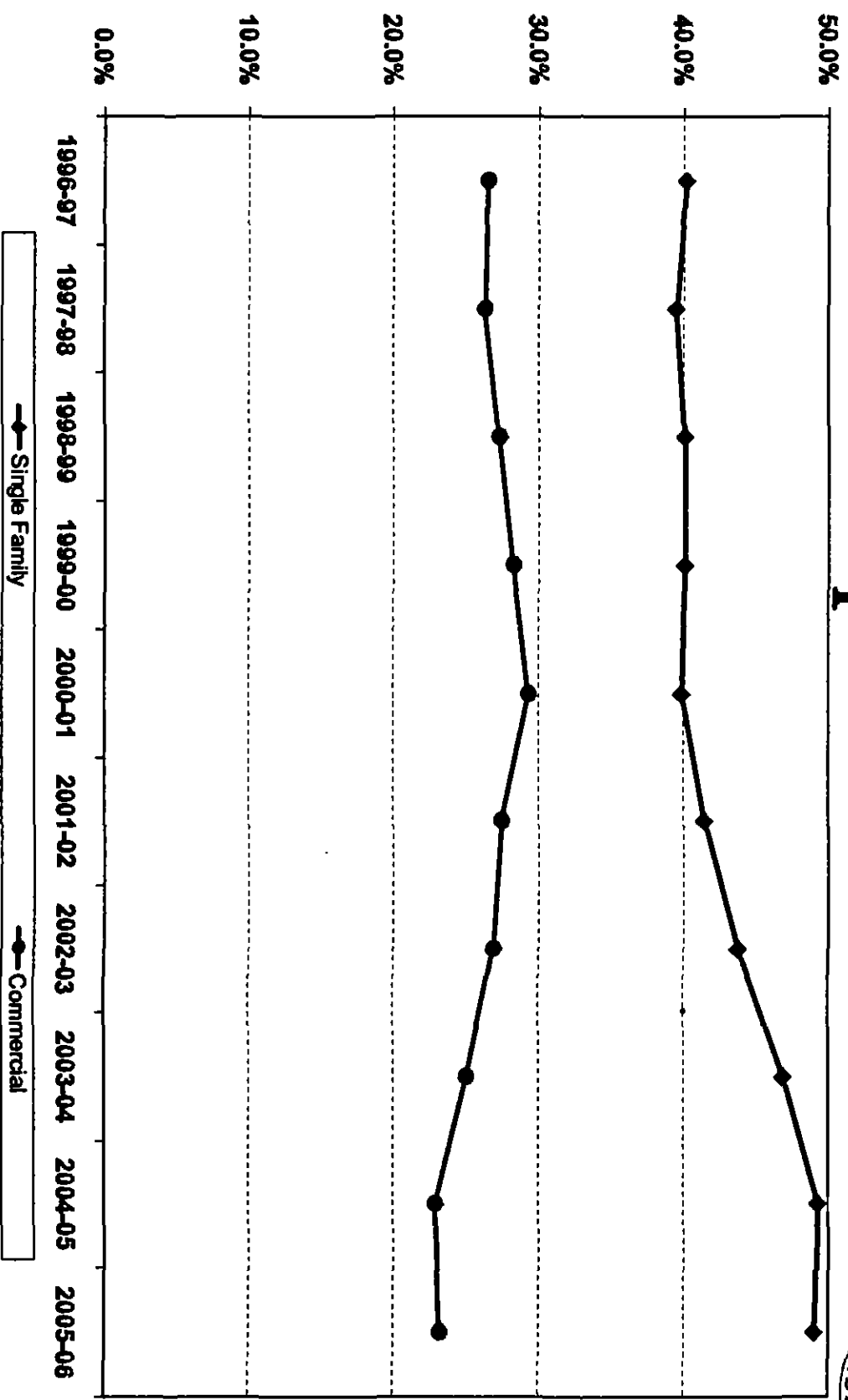
5.4 %

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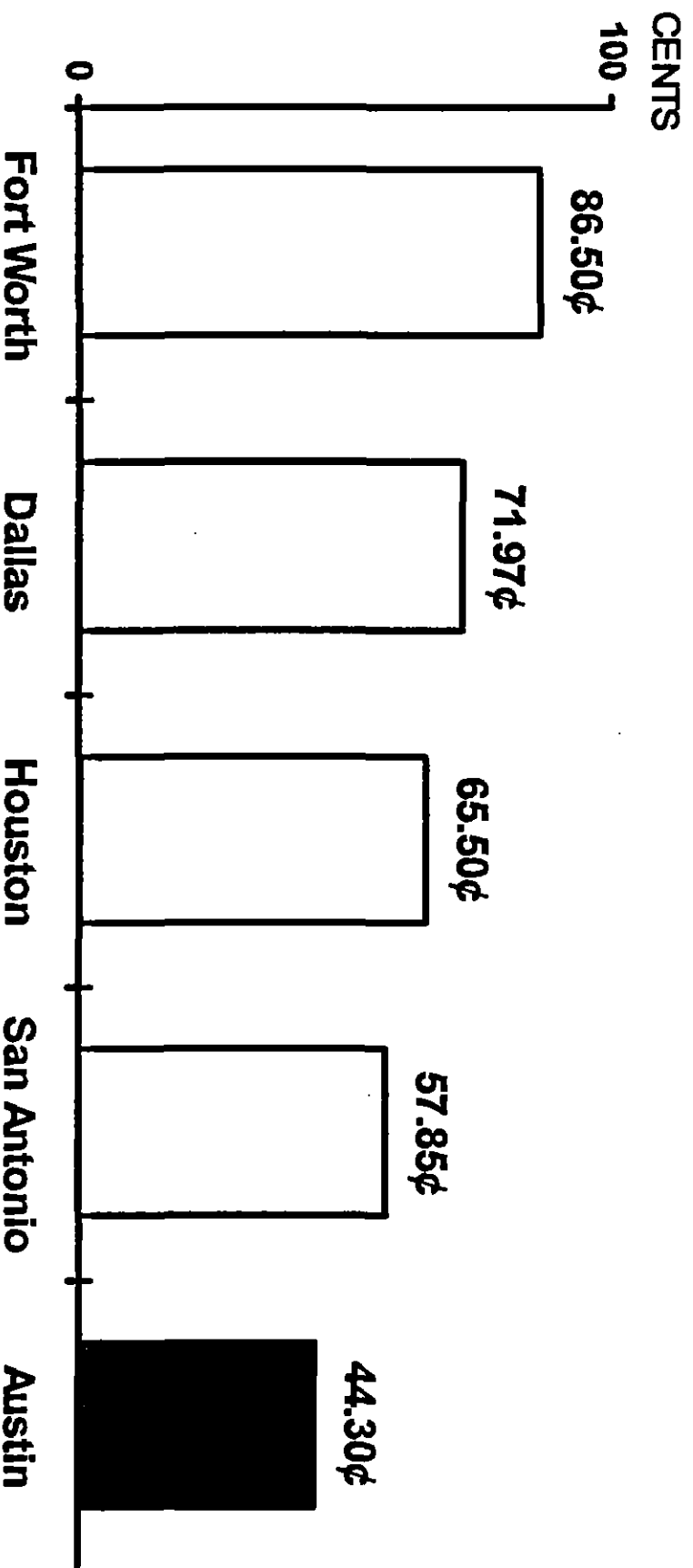


Austin Assessed Valuation Historical Comparison



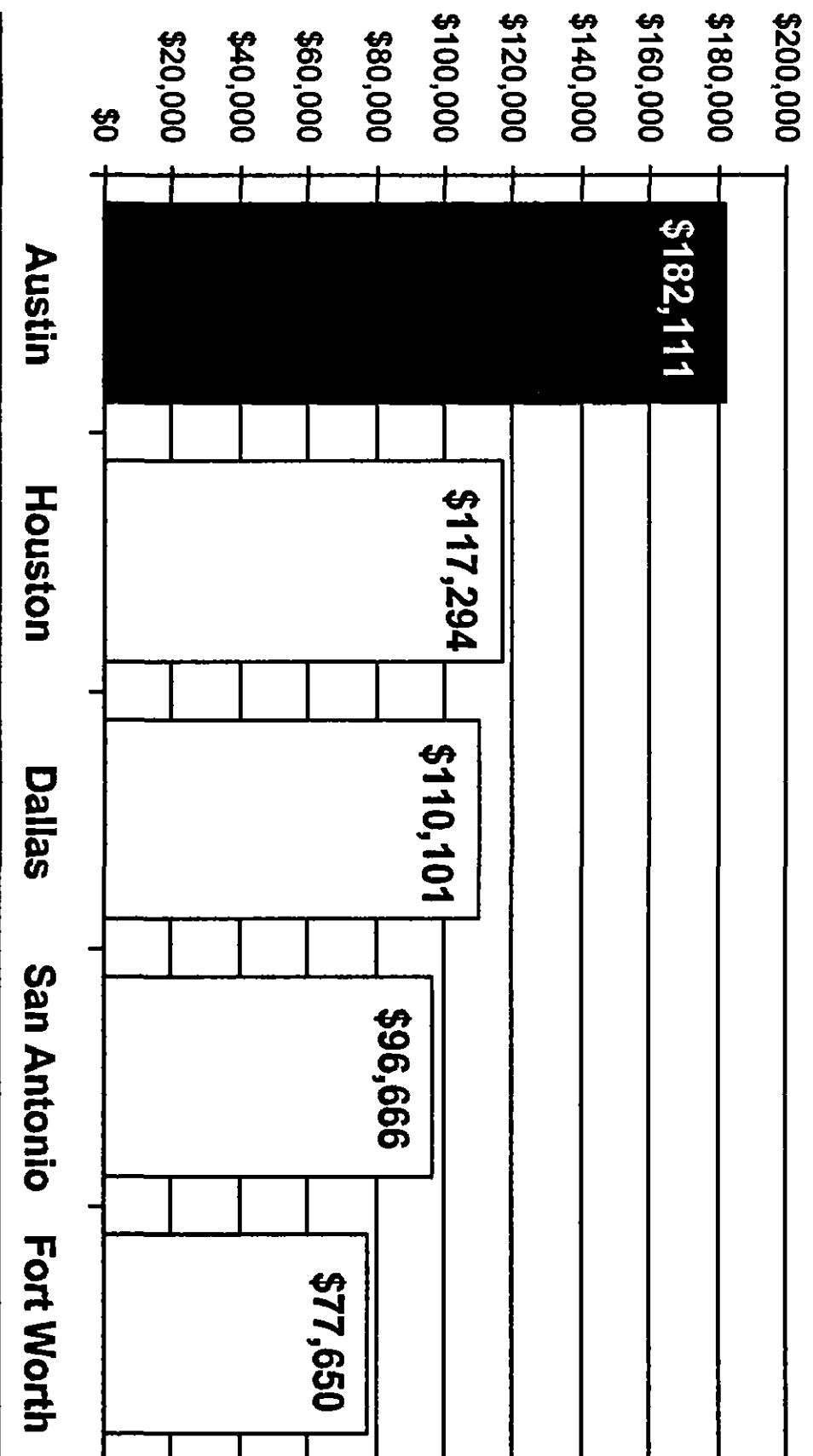


Property Tax Rate Comparison for 2004-05



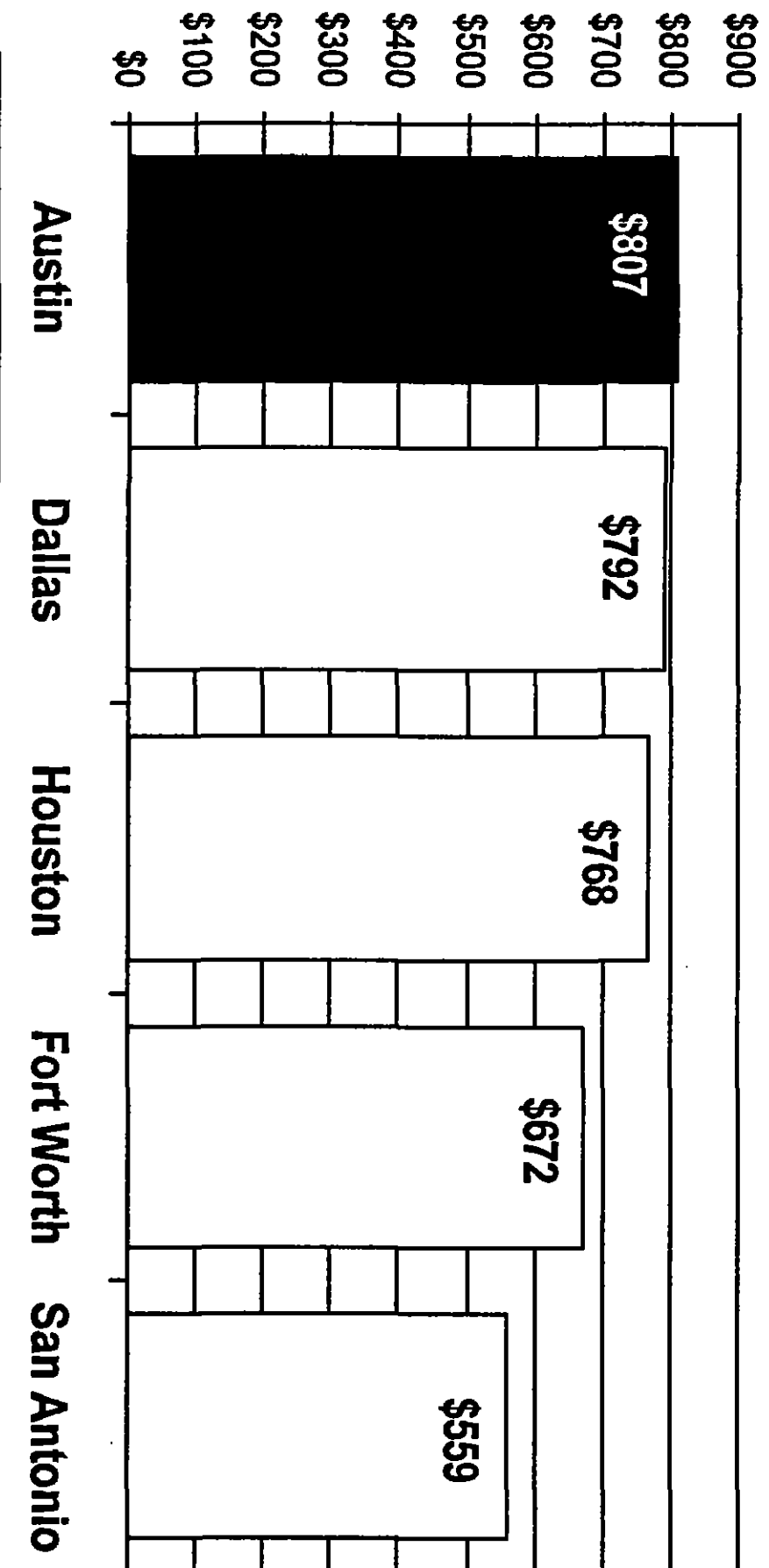


Average Taxable Home Comparison for 2004-05



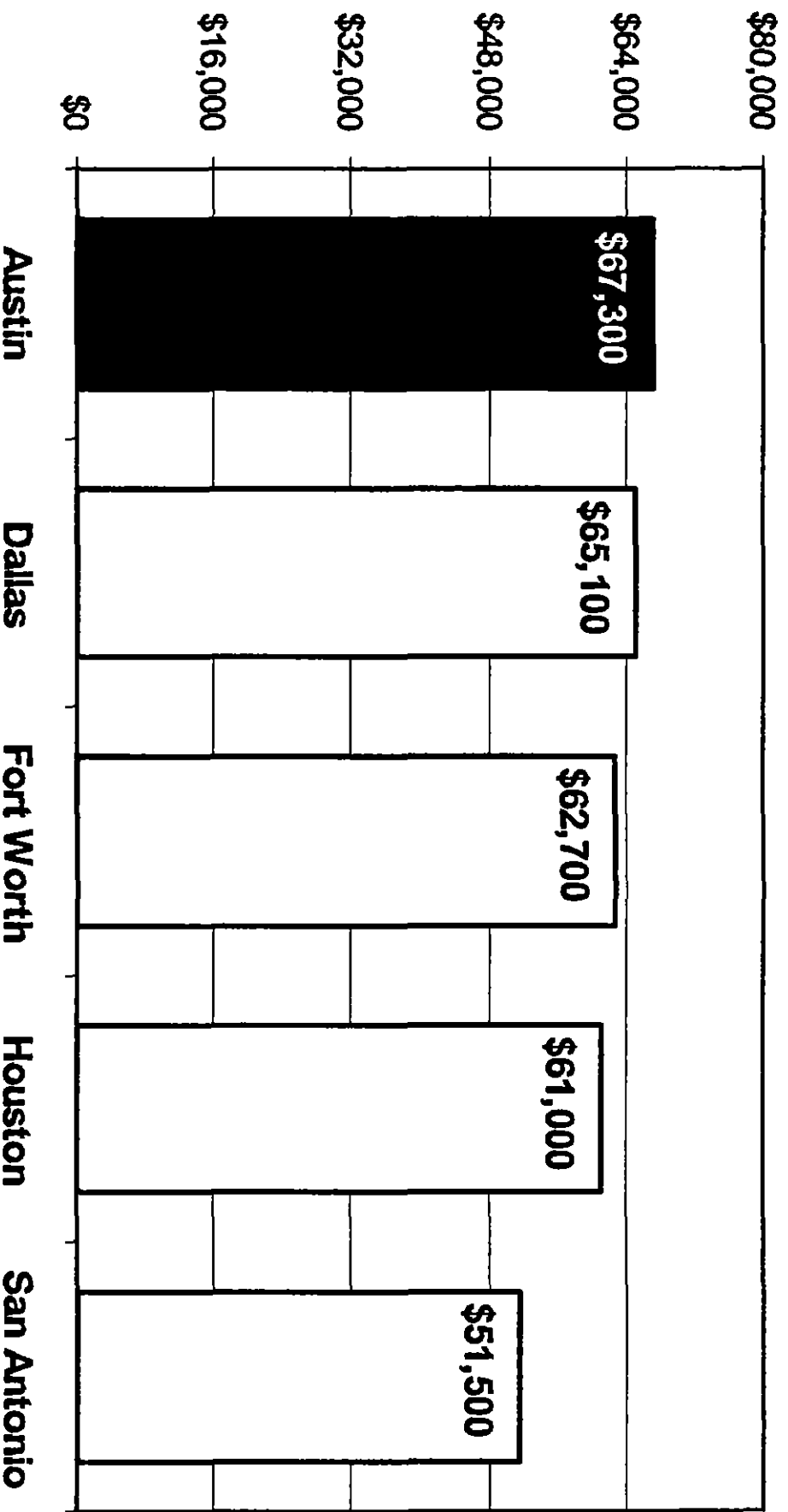


Property Tax Bill - Average Home Comparison for 2004-05





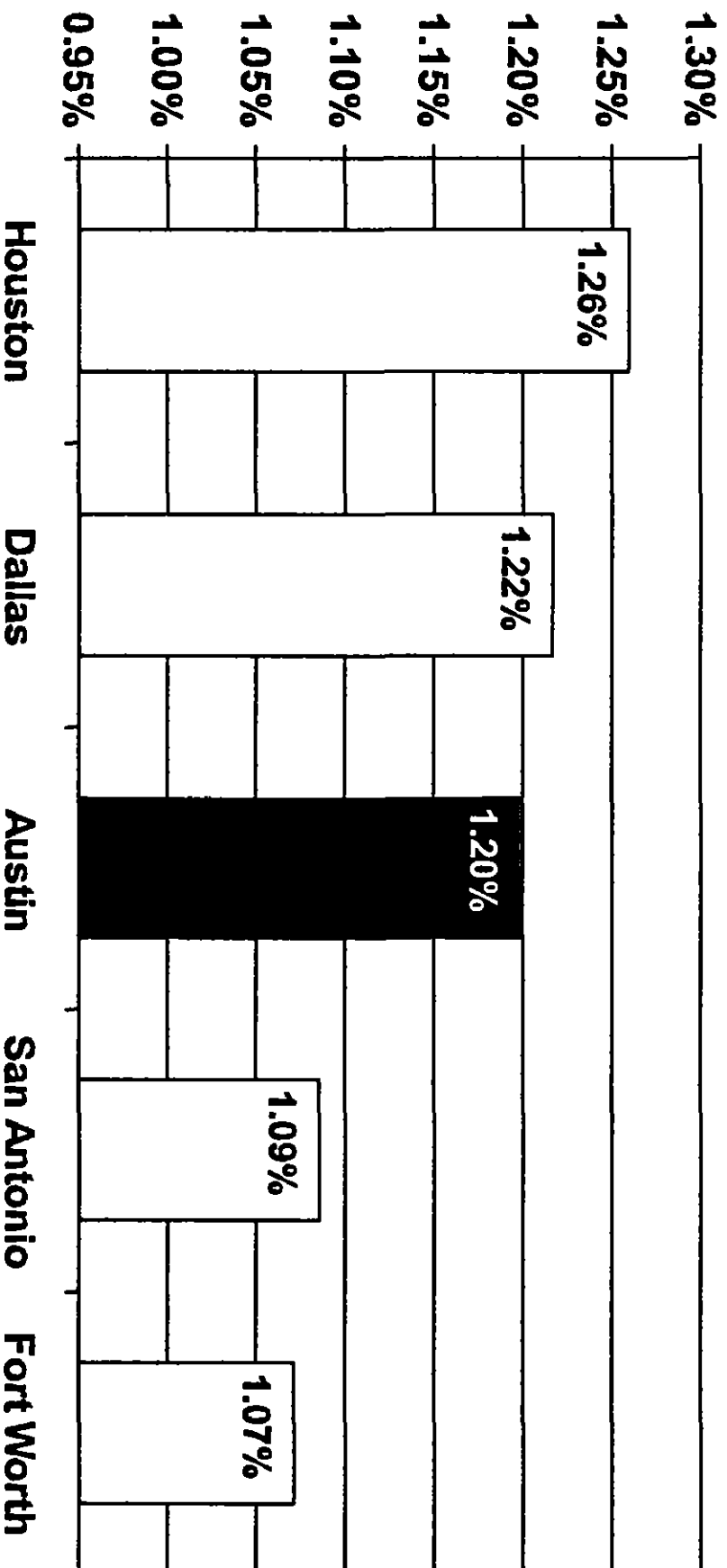
Median Family Income Comparison for 2004-05



Source: U.S. Department of Housing and Urban Development, FY2004 Estimated Median Family Incomes

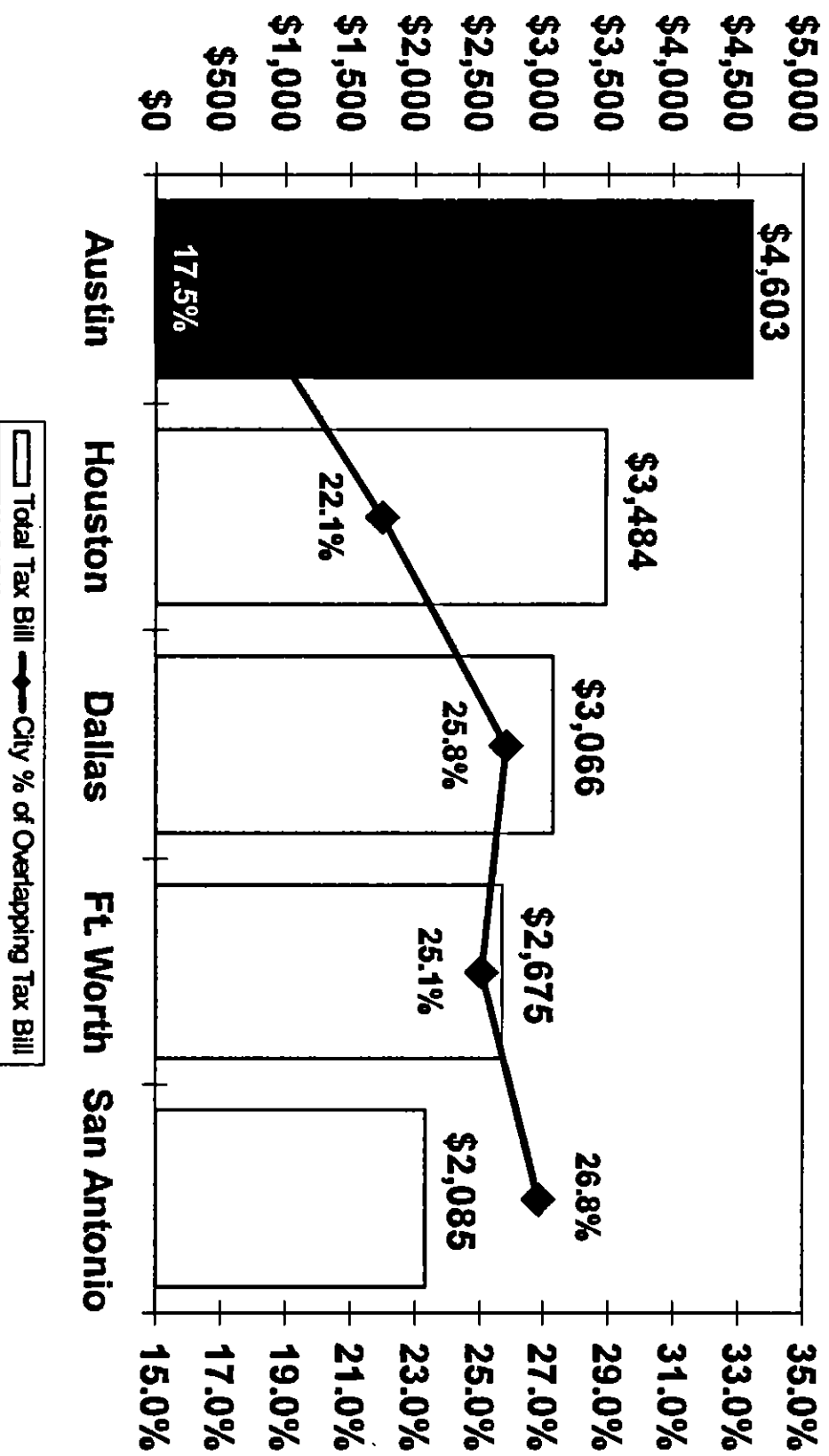


Property Tax Bill As Percentage of Median Income Comparison for 2004-05





Overlapping Property Tax Bill Comparison for 2004-05



Sales Tax

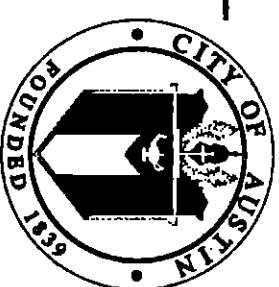


- 28% of total General Fund revenue

Assumptions:

- Continuation of measured economic recovery
- Growth rates
 - FY 2006 6.0%
 - FY 2007 6.0%
 - FY 2008 6.0%

Other Revenue



- Utility Transfers account for 21% of total General Fund revenues.
- Transfer rates
 - Electric Utility 9.1%
 - Water Utility 8.2%



General Fund Total Forecast Revenues

	2005-06	2006-07	2007-08
Property Tax	\$ 140.84	\$ 148.52	\$ 157.13
Sales Tax	131.18	139.05	147.39
Utility Transfers	97.13	98.68	103.18
Others	102.21	105.33	106.30
Total Revenue	\$ 471.36	\$ 491.58	\$ 514.00
Increase	\$ 21.76	\$ 20.22	\$ 22.42



Expenditures

Basic Assumptions



- Maintain 2.0 Police Officers per 1,000 population
- Public Safety Contract & other pay increases (i.e. step & longevity)
- Maintain existing funding levels for public health services and social services
- Maintain existing service levels for Parks programs
- Operations and maintenance costs for new/expanded facilities
- Pay for Performance of 3.5% for all employees
- Health insurance increase of 10% each year



Key Management Recommendations

- Increase Living Wage from \$10.00 to \$10.81 per hour
- Market adjustments for non-civil service workforce
- Restore branch libraries and Austin History Center hours
- Enhance key Public Safety services
- Enhance key non-Public Safety services

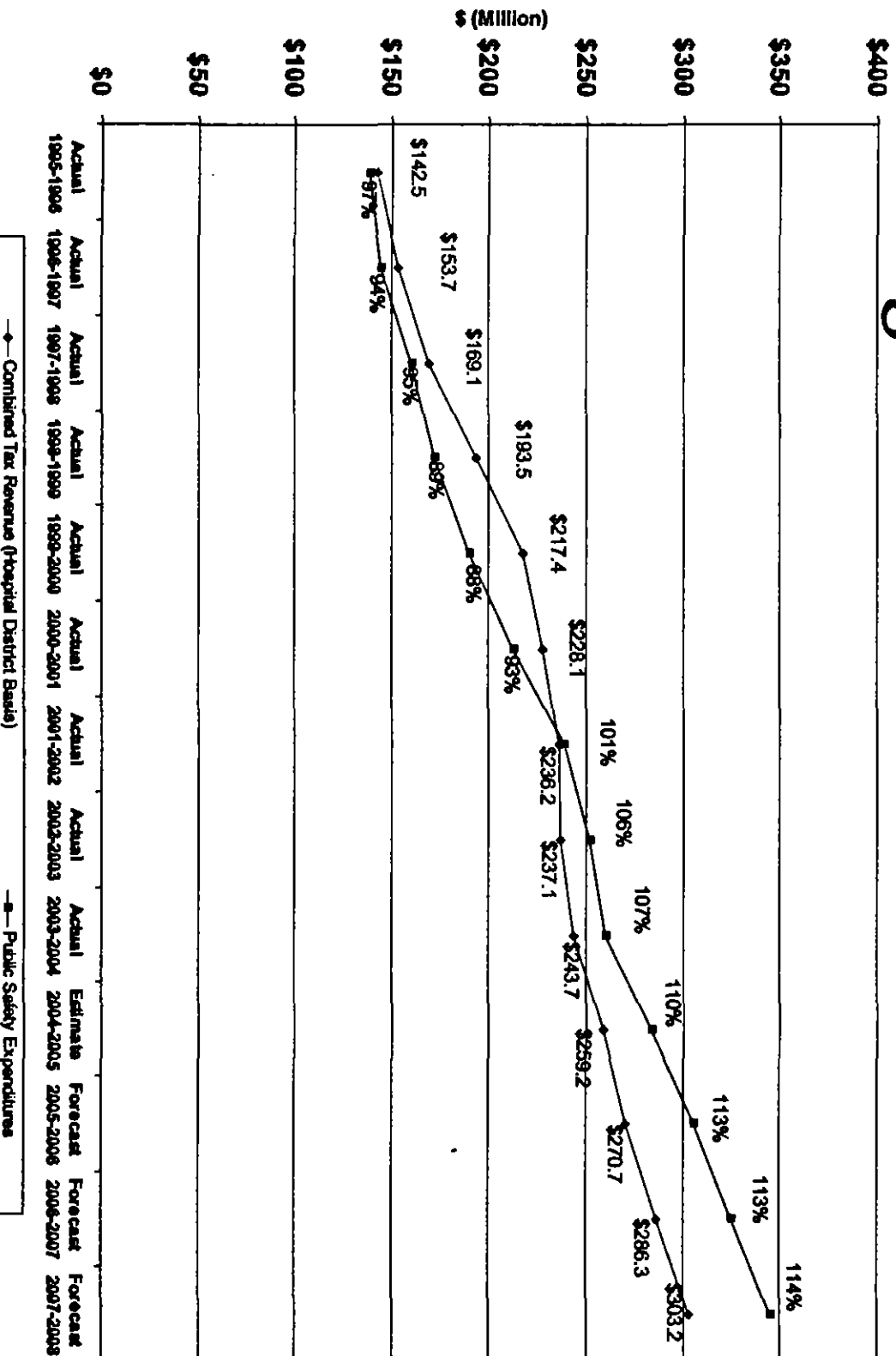
Cost Drivers



	2006	2007	2008
Public Safety	\$22.21	\$19.97	\$21.09
Health Insurance	\$3.10	\$3.41	\$3.75
PFP - non-uniform	\$2.83	\$2.94	\$3.04
New Facilities O&M (non-public safety)	\$0.57	\$1.67	\$0.48
<i>Subtotal Major Cost Driver Increases</i>	\$28.72	\$27.98	\$28.37
<i>Other Estimated Cost Increases</i>	\$5.47	\$1.22	\$0.33
Total Estimated Cost Increases	\$34.19	\$29.20	\$28.70



Public Safety Expenditures as a Percentage of Combined Tax Revenue



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Public Safety Cost Drivers



	2006	2007	2008
Public Safety Pay for Performance and Public Safety Contract Pay	\$11,082,982	\$11,626,498	\$12,008,371
Police Step & Long	\$3,452,071	\$3,526,984	\$2,816,058
Fire Step & Long	\$509,543	\$460,159	\$506,175
Police Meet & Confer Soft Costs	\$1,955,487	\$2,793,681	\$3,923,787
Add'l Police Officer Funding	\$1,720,201	\$2,368,464	\$368,816
Police U-P Grant Reimbursement	(\$1,820,866)	(\$1,831,591)	\$1,324,068
Police Expiring Grants Staff FY 06 = 2.0 ftes	\$103,574	\$0	\$0
Police Civilian staff - FY 06 = 12.0 ftes	\$437,052	\$104,674	\$0
Police Overtime - Constant Staffing	\$500,000	\$125,000	\$125,000
Police Temp Staffing	\$200,000	\$0	\$0
Police One Time Costs Backout	(\$1,074,100)	\$0	\$0
Police Civil Personnel, Contractual & Commodity Savings	(\$1,340,000)	\$0	\$0
Fire One Time Costs Backout	(\$23,000)	\$0	\$0
Fire Overtime - Enhanced Task Force	\$400,000	\$0	\$0
Fire Wellness Center	\$129,516	\$0	\$0
Fire Skills Training	\$100,000	\$0	\$0
Fire Civilian staff - FY 06 = 2.0 ftes	\$90,967	\$0	\$0
Fire Restore 6 Firefighter Positions	\$291,915	\$40,330	\$43,294
GO Debt Fire	\$249,870	\$20,128	\$0
EMS One Time Costs Backout	(\$54,376)	\$0	(\$118,600)
EMS Call Back Overtime	\$200,000	\$0	\$0
EMS Zone Decompression	\$1,225,115	\$0	\$0
EMS District Commanders - 2.0 ftes	\$263,202	\$0	\$0
EMS - Alternative Shift Schedule - 4.0 ftes	\$236,376	\$63,928	\$0
EMS Peak Load Unit - FY 06 = 6.0 ftes	\$493,489	(\$650)	\$0
EMS Safety Package - FY 06 = 2.0 ftes, FY 07 = 2.0 ftes	\$97,587	\$97,631	\$0
EMS Recruiting Package - FY 06 = 1.0 fte	\$119,502	\$0	\$0
EMS Pediatric Training	\$0	\$100,000	\$0
New Facilities Public Safety	\$2,662,196	\$473,974	\$93,616
TOTAL PUBLIC SAFETY	\$22,208,303	\$19,969,210	\$21,090,585

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Capital Expenditures and 'One-Time' Critical Costs

■ Vehicle Replacements	\$ 4.16
■ Technology replacement & upgrades	\$ 7.11
■ EMS Safety Equipment	\$ 0.97
■ Firefighter Equipment	\$ 0.15
■ Police Equipment	\$ 0.85
■ HHSD Facility Equipment	\$ 0.11
■ Parks Facility Repairs	\$ 0.53
■ Municipal Court Equipment	\$ 0.02
■ Watershed Protection Equipment	\$ 0.02
■ General Fund Non-Civil Service Bonus	<u>\$ 1.44</u>
Total	\$15.36

Financial Forecast



	2006	2007	2008
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Revenue	471.4	491.6	514.0
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Enterprise Funds

Austin Water Utility



■ Revenue

- System capital requirements and debt service along with a limited 1.8% average annual growth in base service revenues results in funding gaps of \$22.5 million in FY 07 and \$41.2 million in FY 08.
- Forecast includes a combined 13.7% rate increase over 3 year period to close funding gap:
 - 4.2% in FY 06
 - 4.5% in FY 07
 - 5.0% in FY 08
- Different approach from previous years – discussion item for Policy Budget

Austin Water Utility



■ Expenditures

- \$ 549.1 million Capital Improvement Program
 - \$ 114.2 Regulatory compliance
 - \$ 108.0 Economic development
 - \$ 164.4 Aging infrastructure
 - \$ 162.5 System growth
- Debt Service requirements are over 40% of total requirements

Aviation



■ Revenue

- Passenger activity has remained flat since 2001, however current year estimate is for 3% growth. Forecast includes a modest 2.8% growth for the forecast period.
- Non-airline revenue is forecast for 4.6% growth in FY 06 and 3.3% in each FY 07 and FY 08

■ Expenditures

- Forecast includes cost increases associated with compliance of all security mandates, infrastructure maintenance and personnel costs.

Convention Center



■ Revenue

- Bed tax accounts for over 50% of revenues
- Travel industry is gaining strength resulting in continued improvements for bed tax growth. Current year estimate is 5.8% above budget. Forecast growth is 5% for FY 06, and 4% for each FY 07 and FY 08

■ Expenditures

- Expansion & opening of headquarters hotel providing increased opportunities for new / larger events along with increased operating challenges.

Drainage Utility Fund



■ Revenue

- Rate increase for the final year of the Council approved five year cost of service plan
 - FY 06: Residential: 6.08%; Commercial: 19.43%

■ Expenditures

- Continuation of infrastructure and system improvement projects from Master Plan

Solid Waste Services



■ Revenue

- No rate increase in forecast period. FY 2006 will be the 9th consecutive year with no Pay-As-You-Throw rate increase.
- 1.27% annual base-customer growth rate

■ Expenditures

- Operational cost increases due to increased base customer growth and service area expansions
- Increased costs associated with new inspectors and program coordinator for the Code Compliance Program

Transportation Fund



■ Revenue

- No rate increase to Transportation fee
- Minimal growth of 1% for base fee

■ Expenditures

- Street inventory maintenance needs continue to increase
- Preventative maintenance estimate does not meet goal of 10%
- Increased commodity costs for asphalt and concrete

Key Dates



May 26th **Draft Policy Budget submitted to Council
at work session on budget direction**

July 28th **City Manager submits Proposed Budget**

August **Budget Presentations & Public Hearings**

September **Budget Approval Readings**